

SPECIAL MESSAGE ON CAPITAL NEEDS
BY GOVERNOR RICHARD J. HUGHES
TO THE LEGISLATURE
MONDAY, MAY 6, 1968

I transmit this special message to urge your approval of a program of capital construction for New Jersey -- a program of emergent importance to the health and growth of this State.

A week ago the people of this State received the historic and sobering report of the Commission to Evaluate the Capital Needs of New Jersey. The outstanding members of this Commission -- citizens distinguished by their business and professional achievements and also noted for their prudence, indeed in some cases their conservatism, their sound fiscal judgment, and their undoubted credibility -- have told us the harsh and uncomfortable truth.

They have concluded that we in New Jersey are failing dangerously to protect our common future. They have fully exposed the shame of past neglect -- but they have also charted the course by which we can change to a proud and feasible and necessary grasp of the future.

They have based their findings on an unprecedented, rigorous and independent audit of our capital needs. Their report shows that they have weighed every question with the Missourian skepticism of "Show me." And they have proposed, in the most lucid and compelling terms, that we must act -- and act now -- to save this State from falling into permanent second-class status.

I had asked this Commission, in probing our capital needs, to act with the freedom and objectivity of a grand jury. The Commission did exactly that -- and listen to the indictment they returned:

"Everywhere that this Commission looked, it saw the tragic results of years of neglect. Passenger rolling stock is on the verge of collapse. Railroad stations are dark and dilapidated. Highways are choked. A severe drought brought us to the brink of real peril. Prisons and mental health institutions are patched and worn, with many positively inhumane facilities. Secondary and elementary schools are overcrowded and many of the older ones are sadly in need of repair or replacement. Our colleges and universities can accommodate only a fraction of our applicants, forcing most of them to go out of state. Our rivers are polluted and our cities are pockmarked with crumbling ghettos."

Listen to these further indictments:

"These conditions are all very serious in themselves, but they are also serious beyond themselves. Lack of adequate capital funds has undoubtedly contributed heavily to our racial problems and to the decline of our cities as centers of industry and culture."

"Our Commission foresees a serious weakening of the economic and social stature of New Jersey if this regressive fiscal philosophy continues. We are deeply disturbed to see one of the wealthiest states in the nation apparently condoning conditions which could ultimately destroy it."

Finally, listen to the Commission's inescapable conclusions:

"The people of New Jersey have two great responsibilities to fulfill, and to fulfill now. First, we must eliminate the enormous backlog of capital deficiencies. Second, we must

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build toward the future. We must guarantee for ourselves a growth which will keep pace with our future obligations. Prudent expansion and preventive maintenance must be substituted for virtual stagnation in new construction and a massive accumulation of deferred maintenance."

"The price of these years of inactivity in capital appropriations is now very large. But it must be paid if we are to prevent further atrophy and create a viable and progressive State."

For establishing this painful but essential truth beyond the shadow of a doubt, the Commission to Evaluate the Capital Needs of New Jersey has earned the respect and gratitude of every citizen who truly cares about the well-being of this State. What the Commission has concluded is precisely what any group of responsible New Jerseyans would conclude if they too were to take the time and trouble candidly to assess our real needs. The Commission looked hard and honestly, and it saw and reported nothing more or less than the truth about this State. To respond to this truth -- to overcome our dangerous weaknesses and to reinforce our great basic strengths -- the Commission has asked: "How can we correct the faults without contaminating the virtues? This is a fundamental question, and it has only one answer -- by introducing into our economy new capital funds from new sources."

There is indeed only this one answer, and I concur fully with the Commission's clear and reasoned judgment of what we must do now -- as an "irreducible minimum" -- to set New Jersey on a sound and progressive course once again.

Accordingly, I recommend that you authorize four bond issues to be placed before the people in the general election in November:

1. Construction of buildings for education and institutions.	635.4 million*
2. Transportation	800.0 million
3. Water Pollution Control	190.6 million
4. Conservation	120.8 million

These issues total \$1.75 billion. The difference between this sum and the full Commission recommendation of \$1.95 billion is represented by the vital public school construction program to which the Commission rightly attaches such great importance. However, to prevent any delay in this essential school construction program -- to begin immediate repair and replacement of school facilities so run down and overcrowded, in overburdened and helpless school districts throughout the State, as to mock the notion of good education -- I have recommended a substitute solution. I repeat my endorsement, as outlined in my April 25 message, of the plan advanced in January by the State Board of Education for State support of a three-year emergency school building aid program of \$180 million. The State would assume responsibility in its annual budget, beginning with a \$2 million appropriation this year, for the payment of principal and interest on local school bonds to support this program.

* This sum includes \$492.4 million for higher education, \$100.0 million for institutions, \$27.5 million for vocational schools, and \$15.5 million for a New Jersey public broadcasting system. I recommend this last figure, and not the \$17.4 million proposed by the Commission, on the advice of the Commission on Public Broadcasting, which has succeeded in reducing by \$1.9 million the construction estimate it submitted in March to the Capital Needs Commission.

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Some in this Legislature might argue that overcoming this school collapse is a local responsibility, and not the business of the State. I point out, however, that when some of our seashore communities were flattened by the storm of 1962, their rescue became the business of the whole State, and citizens not immediately affected -- say, the residents of Morris and Bergen Counties -- helped to pay for that rescue. By the same token, residents and Legislators from South Jersey, although not locally affected, had no hesitation in coming to the aid of North Jersey commuters in the years when railroad passenger service began to collapse, and they paid, and are still helping to pay, the huge subsidies which are preserving that service.

If commuters and seashore municipalities are the whole State's business, are not the children whose lack of decent educational facilities disgraces us all also our business? Indeed, are not these children the State's most important business?

The Constitution forbids the selfish and shortsighted viewpoint which would deny this obligation, for it provides in Article VII of Section IV:

"The Legislature shall provide for the maintenance and support of a thorough and efficient system of free public schools for the instruction of all children in this State between the ages of five and eighteen."

I also recommend that the vocational school construction of \$27.5 million proposed by the Commission, to match federal funds in that amount, be included in the bond issues you will authorize.

I shall not burden you here with specific details of my entire recommendation for capital construction. These details are already available, or can be made available, to you from the Commission's report, from members of my Cabinet, and from a number of independent citizens' groups. Let me note briefly here, however, what this capital program will do for New Jersey:

It will provide spaces -- desperately needed spaces -- in our higher education system for 71,100 more undergraduates, 10,000 more graduate students, and 927 medical students and interns by 1975.

It will provide vocational facilities, in concert with federal matching funds, for 3,000 students.

It will provide a statewide system of public broadcasting which, in the judgment of the Commission, will "substantially aid the educational situation in the State and permit a marked upgrading in the quality of instruction in those areas which are now below average." It may be noted parenthetically that immediate State action in the field of public broadcasting is required to prevent permanent loss of the four remaining non-commercial UHF channels assigned to New Jersey.

It will provide for the renovation, rehabilitation, and relief of over-crowding at virtually all of our existing institutions. It will also provide for community mental health centers, rehabilitation facilities for narcotics addicts, a new children's unit at Trenton State Hospital, a new Somerset State School for the retarded who need institutional care, more than 900 of whom are still on our waiting list, and other equally important projects.

It will provide, together with federal funds and regular budget appropriations over the next five years, \$325 million required for the revitalization of our dying commuter rail system, \$725 million for essential State highway construction, \$150 million in aid to local roads, and \$25 million for improvement of our bus systems and airports.

It will provide \$190.6 million as the State's share of \$762.7 million of trunk sewer lines and treatment plants which are required now to conform with established health standards. These funds will qualify New Jersey for federal monies that will cover up to 55 per cent of the total cost of these critically needed projects.

It will provide \$90.8 million for the acquisition and construction of reservoir projects, and \$30 million for Green Acres matching programs,

In short, it will provide a measured and necessary response to New Jersey's fully documented backlog of capital needs and will enable the State to perform those minimum services -- and no more than those services -- to which the citizens of a first-class state are entitled.

The Commission has made several additional recommendations that merit your immediate and favorable attention. These include improvement of statutory bidding procedures, strengthened capital planning and control, adaptation to better seasonal construction schedules, and more orderly planning in the field of water resources and distribution.

Timing of the Program

The timing of this capital program is the consequence not only of sound management practices but also of the serious backlog of our capital requirements. The Commission reduced more than \$5 billion in original requests to less than \$2 billion, and it concluded -- rightly -- that a minimum program in seven crucial fields must be mounted now with no further delay.

Given the indisputable urgency of all these programs, and indeed of others beyond them, you and I simply cannot afford the luxury of leaving to another Legislature or another Governor, whose pressing concerns and special priorities none of us can anticipate, the task of providing for capital needs that we know we should accommodate now. I for one am not prepared -- nor do I think you are -- to relegate to some uncertain future date the minimum programs in highway construction, commuter rail transportation, college building, reservoir site acquisition, water pollution control, emergency school construction, or improvement of inadequate and even inhumane institutional facilities. We cannot simply forget, as if it were too much bother, about one or more of a range of capital programs that together represent only a bare minimum effort to avert the impending threat of grave social and economic weakness for this State.

There is one further important factor in the timing of this capital program that you must consider carefully. The program that the Commission has recommended, and that I endorse, calls for a major authorization of bond issues this year. But the bonds themselves will be drawn over a number of years, in certain cases up to 1975, depending on the plans outlined by the Commission. Why must the full program be authorized at this time -- and why would it not be equally good to authorize the bonds each year in anticipation of the needs of that year? The answer is clear and undeniable: capital spending will never produce full value as long as it takes place on a crisis-by-crisis basis. It is precisely this method of operation that has plagued our capital programs for so many years: we have shored up crumbling walls instead of constructing them initially on a firm foundation.

Let me illustrate why capital commitments into the future, as I have recommended, are an economic necessity rather than a fiscal nicety.

Consider our languishing commuter railroads. What choice lies before New Jersey? If we will commit ourselves to the expenditure of \$325 million that I have proposed, we can offer the commuting public facilities that will encourage, not discourage, their use. But if we were to begin their rehabilitation without

an advance commitment for the full \$325 million, or receive only half that amount, we might end up by throwing away millions of dollars. For we would not have railroads that would attract back commuters or that could conceivably operate on a sound financial basis. In other words, if there is no commitment now for the full sum, and no assurance that the full \$325 million will be forthcoming later, then we might better decide never to start on the rehabilitation of the railroads. How dreadful to think that we might deprive our citizens of such a vital service because of our lack of faith in their ability to see the need and to be willing to pay for it!

This same need for authorization now of capital programs -- as opposed to piecemeal authorizations over several years -- is just as apparent in highway, college, institutional, and other vital construction. A highway administrator, for example, might well embark on a comprehensive and badly needed construction and repair program only to find himself, because of the absence of an initial authorization of sufficient magnitude, compelled to cease operations in the middle of projects that would thereby be rendered totally useless to anyone. Similarly, an institutions administrator would be unable to plan and build modern and humane facilities if he were compelled -- as has been the case to date in New Jersey -- to work on a hand-to-mouth basis that permits only a patchwork capital effort at best.

The case for timing the bond issue authorizations as I have recommended them, then, rests on indisputable grounds of efficiency and practicality. Nor can we in good conscience request institutional patients at Greystone Park, for example, to suffer for several more years, pending an institutions referendum at some unknown date, or advise our commuters that they must continue to battle their way to work in disgraceful passenger cars over crowded highways until the State's political leadership gets around to the problem. The Commission has identified, beyond the shadow of a doubt, too many essential interests to be served now for us to continue on the path of disorderly capital programming that has brought us to our present sorry pass.

Size of the Program

Closely related to timing is the question of the size of bond issues that you authorize now. I conclude, as does the Commission, that the size of the program it recommends is not too large but is rather an "irreducible minimum." And I can therefore not agree with those who argue that bond issues of this magnitude are too large for the public to accept in November.

Arguments to this effect, in my judgment, sell the people of New Jersey short. I am convinced that if you authorize this program on a strong bi-partisan basis, and if we all campaign actively for it, these referendums will follow the historic pattern for bond issues in New Jersey: that no bond issue since 1937 that has enjoyed strong bi-partisan support has failed to gain acceptance at the polls.

To those who remember with concern the defeat of the bond program five years ago, let me recall to you that this defeat was due chiefly to the lack of such bi-partisan support and to opposition, for various reasons, by powerful, almost unanimous elements of the press, by almost all civic and trade organizations, and by other influential groups throughout the State. But we are in different circumstances now. Because of the irrefutable presentation returned by the Commission to Evaluate the Capital Needs of New Jersey -- and the initial favorable reaction to it from many groups who five years ago opposed that bond program -- I am convinced that the present bond issues will receive widespread if not unanimous support from all those elements, distinguished individuals and groups alike, whose efforts, together with support by both major parties, could guarantee the success of the present referendums. I therefore urge you, in the strongest possible terms, not to silence or discourage the deep concern and good will of so many citizens -- not to sell the people of New Jersey short -- but rather to give the people the chance to speak affirmatively on their wishes for our common future.

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The distinguished Economic Policy Council, as you know, has also confirmed the prudence of bonding of this kind, which is characteristic of the capital programming practiced regularly by our most respected private corporations.

I hope, then, that by your statutory authorization and your bi-partisan support, to which I will add every possible effort on my part, you will permit the people of New Jersey in November to decide these issues and assure the future security of our beloved State.

Now, finally, the whole case rests with you -- and only with you -- not just for capital needs but for the urgent solutions to our pressing urban problems recommended in my message of April 25. Never in history has a New Jersey Legislature had such important decisions to make. Never has one body had such surpassing unilateral power over the destiny of the whole State. Never has a crisis been more plain, nor a challenge more compelling, nor a duty more demonstrably clear. But I must also say to you that there has never been a time when decent men have been more subject to certain temptations to sway them from their duty.

For you have it within your power to make a choice between that plain duty and a shallow and political response to the urgency of the times. You have it within your power to say "no new taxes" or "we cut the Governor's program to pieces", and thus bid for superficial popularity by appealing to the worst in public sentiment. But even such popularity is fleeting at best. For the people are quick to sense acts of political expediency. And I am convinced -- as I trust you are -- that any public official who, in the face of our emergent needs, trifles with the public interest will be remembered for his betrayal and quickly repudiated at the polls.

The majority members of this Legislature were elected under the slogan "a responsible Legislature", and I am prepared to hope that it will be responsible. But will a responsible Legislature, thinking to oppose a Governor but really hurting the people of a whole state, succumb to the temptations before them? Will that Legislature stall until next year the 75 per cent takeover of welfare costs and the implementation of useful amendments which will restore the family unit and its discipline, and begin to break the terrible cycle of welfare dependency with work incentive opportunities to those on welfare rolls? Does this postponement make sense in order to tailor a deferred cost into some abbreviated package of haphazard tax sources? What possible justification can there be for such postponements? It is as though a man desperately ill, needing immediate hospitalization, were to postpone, at the risk of his life, medical attention which he needs now, "until next year."

I repeat to you in the most serious way that New Jersey is very ill, and it is only you, not the other two branches of government, that can make it well again.

One of its illnesses beyond the welfare burden is the matter of housing. I have placed before you a housing program of integrity, of demonstrated workability, in which we can be partners with private enterprise like the Prudential Insurance Company and the home builders, reaching only a fraction of the housing deficit in this State, yet tipping the balance against the slums and tenements which beset us. How can a responsible Legislature repudiate this program in whole or in part, when it is so obviously necessary to make our society well and whole again?

Shall emergency aid to education be denied and another generation of children condemned, in violation of our constitutional duty, so that someone can say "we cut the Governor's program down -- we avoided new taxes"? Shall law enforcement measures, to which no valid exception can be taken, be put aside and our society laid bare and exposed to crime, narcotics addiction, and civil violence? Would a responsible Legislature do these things?

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Maintenance of Effort

And let me point out another danger to you. The bond issue program which the Commission has proposed, and which I recommend, is based on the essential presumption that in regular annual budgets the State will fully maintain its present capital effort in institutions, commuter transportation, highways, and aid to construction of local roads, state and county colleges, and other vital projects. If this basic understructure, or maintenance of effort, is in any way eroded -- as, for example, by an attempt to substitute bond issue funds for these normal annual appropriations and thus partially to avoid increased taxes for a time -- the entire bond issue program will be aborted and the gross deficiencies in our capital system will not be overcome but will persist and, indeed, worsen.

As I have told you, I am no longer satisfied with my own deferral of certain capital expenditures in my Budget Message of February. But we have all learned something since then, and I trust that you will concur with me now, for the public record, that there must be no effort to subvert the bond issues -- already described by the Commission as an "irreducible minimum" -- by using them as a substitute for regular and absolutely essential annual capital appropriations. Let us all make it crystal clear right now that the bond issue program is designed to supplement, not to replace, our current inadequate capital program so that we may provide better, not identical or worse, highways, railroads, schools, colleges, institutions, and health and recreational facilities for the people of New Jersey.

I hope the Legislature will not confuse my candor with any thought of disrespect for it. Quite the contrary, I am banking everything -- New Jersey is banking everything -- on the good faith and responsibility of this very Legislature. My sincere hope is that it will be, as its majority members promised the public last year, "a responsible legislature." But I believe in laying my cards on the table, as I have always tried to do with the people of New Jersey, who twice elected me Governor and trusted me. I point out to you that in my first term, just as now, I did not hesitate to speak of the needs and deficiencies of New Jersey in the plainest terms, suffering in 1963 a disappointing, even a humiliating, defeat of a plan I advanced to meet those needs. The election verdict of the people in 1965 convinced me that the people will not repudiate a public official who tells the truth, even the hard and uncomfortable truth.

Nobody trusts a doctor who glosses over a serious illness, nor a lawyer who conceals from his client a grave legal problem. And nobody will trust a public official who tells the people only what they would like to hear, when they know in mind and conscience that he speaks falsely.

But if we speak of "blood, sweat and tears," we can also speak -- honestly -- of the happy and productive results of this effort. And I am convinced that the people want to know the truth, bad and good alike.

For truth is a necessary component of responsibility. I hope and believe that truth will be the guidestar of the members of this responsible Legislature in meeting the State's heavy burdens.

Many people may be discouraged by the imbedded political history of this State, of winking at neglect for fear of change, or perhaps for fear of the people. But we must never forget that the tide of history need not run against New Jersey, but can go in the direction in which strong and decent men compel it to go. There are strong and fine members in this Legislature, and you represent the people of New Jersey -- they too are strong and decent.

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But before the people speak, this Legislature, and only this Legislature, can decide whether our highway system is to collapse, whether our commuter transportation system must die, whether our cities must languish and then explode, whether the shame of our educational and institutional systems must continue -- in other words, what kind of state New Jersey shall be.

And the time for decision is short.

As the time for action by this Legislature shortens, the shadows are lengthening over New Jersey -- and only this Legislature can decide whether these shadows will plunge it into a dark age of neglect and shame from which it might never be able to emerge.

I wish you godspeed in making a decision which instead could mean the illumination of new hope for New Jersey and show us the way to leadership in the community of the United States of America.